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11 Dave R. Michal

12 UNITED STATES BANKRUPTCY COURT

13 EASTERN DISTRICT OF CALIFORNIA

14 In re:

Case Number 22-22056

15 DAVE R. MICHAL,

Chapter 7

16 DCN: DBL-1

17 Involuntary Debtor. /

Hearing Date: October 3, 2022

Hearing Time: 9:00 a.m.

The Hon. Fredrick E. Clement

18 **DECLARATION OF DAVE R. MICHAL IN SUPPORT OF**  
19 **INVOLUNTARY DEBTOR'S MOTION TO DISMISS THE**  
20 **INVOLUNTARY PETITION FILED AGAINST HIM, AND**  
21 **FOR ATTORNEY'S FEES, COSTS AND SANCTIONS**  
22 **AGAINST CREDITORS AND THEIR ATTORNEY,**  
23 **Pursuant to 11 U.S.C. §303(b)(1) and Fed. R. Bankr. Proc. §1011(d)**

24 I, DAVE R. MICHAL, hereby declare as follows:

25 1. I am the named Involuntary Debtor in the Involuntary Petition filed against me by  
26 Petitioners in this matter. I have personal knowledge of the facts set forth below and, if called  
as a witness, would so testify.

27 2. I have never personally done business with Petitioners or directly incurred a debt to  
28 them. Nor have Petitioners ever personally obtained a judgment against me.

1       3. The following is the back story for Petitioners filing of their Involuntary Petition  
2 against me: At one point in time, I entered into an investment partnership with a man named  
3 Marshall Melton. During that partnership, Petitioners invested money in real estate deals  
4 through Mr. Melton. Unfortunately, those investments lost money. When Mr. Melton and I  
5 parted ways, Mr. Melton sued me and a business entity of mine, BHB LLC of Georgia, and  
6 obtained a judgment in his favor. It is my understanding and belief that rather than personally  
7 making amends to Petitioners for losses on their real estate investments with him, Mr. Melton  
8 assigned his judgment against BHB LLC of Georgia and me to Petitioners.

9       4. This is not the first time that Petitioners have incorrectly turned to the Courts to try to  
10 collect from me personally. On February 11, 2022, Petitioners filed a Request for Charging  
11 Order in the Superior Court for the State of North Carolina, County of Guilford, against what  
12 they described as my “economic interest” in Murchison Group LLC that they alleged owned an  
13 interest in an office building in Downtown Wilmington, North Carolina. On March 29, 2022,  
14 Petitioners withdrew their Request, having been advised by me and my attorney that I  
15 personally did not own any interest in the building, and that Murchison Group LLC had not  
16 been a party to the action where Mr. Melton received his Judgment.

17       5. This time, Petitioners have deliberately made false statements under oath about my  
18 general financial condition to this Bankruptcy Court in an apparent attempt to engage this  
19 Bankruptcy Court as their collection agent.

20       6. I first learned of their Involuntary Petition against me when one of my employees  
21 attempted to use the business credit card and it was denied. When I telephoned the credit card  
22 company to find out why, I was told that it was because I had filed a Chapter 7 bankruptcy.  
23 I was stunned. I called my business attorney immediately and he told me to call a bankruptcy  
24 lawyer, which I did. That night, a process server served me at my home with the Summons and  
25 Involuntary Petition.

26       7. Since then, I have received dozens of calls from my business associates and from my  
27 investment clients around the country wanting to know why I, as the manager of their assets,  
28

1 had to file a Chapter 7 bankruptcy. I have worked for decades to build a solid reputation as a  
2 trustworthy Private Lending Investment Manager. Petitioners' false statement that I am  
3 "generally not paying my debts as they become due" raises concerns in the minds of my  
4 longtime clients and waives a giant red flag in the minds of prospective clients about my ability  
5 to handle their investments. I anticipate that it will take many months, or even years, before I no  
6 longer have to field questions about why I filed bankruptcy in 2022.

7 8. Petitioners' filing of the Involuntary Petition on August 18, 2020 has also greatly  
8 reduced my FICO score and, therefore, my ability to handle my business and personal affairs.  
9 Before the filing of the Petition, I consistently had a high credit score. On July 26, 2022, my  
10 Citibank statement showed a score of 721. On August 28, 2022, Page 1 of my CinLegal Credit  
11 Report (**Exhibit 1** hereto) showed that my score had dropped to 709. When I checked my  
12 credit score through Citibank on September 2, 2022, it had dropped further to 642. The note  
13 below the 642 score states that, "Your score was impacted because your report shows one or  
14 more public record" entries. As my August 28, 2022, CinLegal Credit Report (**Exhibit 1**)  
15 shows, the only "Public Records Search" entry is the "Bankruptcy Chapter 7," Docket Number  
16 22-22056, filed by Petitioners.

17 I declare under penalty of perjury, pursuant to the laws of the State of California that the  
18 foregoing is true and correct. Executed September 3, 2022.

19  
20 /s/ Dave R. Michal  
David R. Michal  
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